

## **POWELL BILL PARTICIPATION REQUIREMENTS**

### **ELIGIBILITY:**

General Statutes 136-41.1 through General Statutes 136-41.4 require the N.C. Department of Transportation to pay from the Highway Fund two allocations each fiscal year to all active and qualifying municipalities a sum equal to **1-3/4 cents on each taxed gallon of motor fuel and to be paid on or before October 1 and January 1**. The allocations are to be used for maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare.

For municipalities incorporated before **January 1, 1945**, the **eligibility requirements** are:

1. To have held an election for the purpose of electing municipal officials within the four years preceding the annual allocation of funds, and
2. Currently impose an ad valorem tax or provide other funds for the general operating expenses of the municipality.

The General Statutes were amended in 1963 to provide different and somewhat higher **eligibility requirements** for municipalities incorporated since January 1, 1945. At that time, it was believed that some newly incorporated municipalities were possibly not functioning as bona fide towns. The requirements for municipalities incorporated since **January 1, 1945**, are:

1. Have conducted the most recent election required by its charter or general law for the purpose of electing municipal officials.
2. Levied an ad valorem tax from the current fiscal year of at least five cents (\$.05) on a \$100 valuation upon all taxable property within its corporate limits.
3. At the time of its application for its second and succeeding allocations, it shall have collected at least 50 percent (50%) of the total ad valorem tax levied for the preceding fiscal year.
4. Have adopted a budget ordinance showing revenue received from all sources and showing that funds have been appropriated for at least **two** of the following services: water distribution; sewage collection or disposal; garbage and refuse collection or disposal; fire protection; police protection; street maintenance, construction, or right-of-way acquisition; or street lighting, or at least **four** of the following municipal services if the municipality incorporated with an effective date of on or after **January 1, 2000**: police protection; fire protection; solid waste collection or disposal; water distribution; street maintenance; street construction or right-of-way acquisition; street lighting; and zoning.

### **FUNDING:**

The total amount allocated is **seventy-five percent (75%)** on the basis of relative **population** and **twenty-five percent (25%)** on the basis of relative non-State System **local street mileage**. Each municipality is required to furnish its own certification of street mileage as of July 1 each year. The most recent annual estimate of population is furnished to the Department of Transportation by the State Planning Officer each September. Also, municipal election, ad valorem tax and city collections from other sources of income are reported on the Certified Statement of mileage.

## **COMPLIANCE:**

The General Statutes also require each municipality receiving a Powell Bill allocation to keep a separate record of accounts indicating in detail all receipts and expenditures of these funds. At the end of the year, each municipality is required to submit a financial statement to the Department of Transportation showing expenditures in detail and the balances on hand. A municipality may accumulate funds without penalty until its balance at the end of the fiscal year equals the total of its most recent ten or twenty allocations, whichever applies. Any excess is deducted and added to the Powell Bill amount to be allocated for the following year.

The General Statutes have been amended by our General Assembly several times since 1951, and each time the municipalities have benefited.

## **PURPOSE OF EXPENDITURE**

These funds shall be expended **only** for the purpose of **maintaining, repairing, constructing, reconstructing or widening** of any street including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality, or for the **planning, construction, and maintenance of bikeways located within the rights-of-way of public streets and highways, or for the planning, construction, and maintenance of sidewalks (HB 1661 ratified 7/6/94) along public streets and highways**. Funds may also be spent for traffic control devices and regulatory signs and for the payment of principal and interest on municipal **street** bonds, and as shown on the Powell Bill Expenditure Guidance.

On May 1, each year, the Department mails the qualifying forms and instructions for the current allocation to all mayors. From July 1 through July 21, each municipality must submit a Certified Statement (with attached certified Powell Bill map) showing all claimed street mileage needed to establish its eligibility and certified by the Mayor and attested by the Clerk, with the mileage data being certified by a registered professional engineer or a registered professional land surveyor.

After all applications have been received and reviewed, and all **allocations computed**, the **allocation checks** are mailed to the mayors or **electronically deposited on or before October 1 and January 1**. In computing the allocation, the General Statutes permit the Department to withhold up to one percent (1%) of the amount to be allocated for the purpose of correcting errors in allocations.

On or before August 1, each municipality is required by G.S. 136-41.3 to furnish the department, in detail, the expenditures made during the preceding fiscal year and the balance on hand. Each year you will receive a Powell Bill Expenditures Report form with attached instructions.